

**Pandemic vs. Grocery:
HOW TO ADAPT
CHANGING CUSTOMER
NEEDS?**

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HOW TO ADAPT CHANGING CUSTOMER NEEDS?

On March 2020, grocery sales have been increased on record high in Turkish market. As a matter of consumers' increased hygiene sensitivity and governmental policies, consumers prevented in store visits drastically, during the lockdown period. Grocery purchase swapped from in store, to available online channels.

Physical store business on the contrary dropped dramatically as footfall has been shrinking with the lock-down. Grocery companies in general had no capacity and no answer, on how to adapt to customers' expectations and to make them feel comfortable to physically visit their grocery stores.

On the other side, digital channel oriented companies were failed to provide the expected customer experience and also failed to manage supply chain operations on a desired level.

So, the challenges are linked with all types of channels and companies among Turkish grocery sector.

This raises the question, whether grocery companies are operationally flexible and prepared against sudden changes, allowing them to serve continuously their customers' demands.

Especially at the beginning of the lock-down phase, when counter-pandemic measures have been activated and supported by an increased sensitivity for hygiene, grocery companies as well as customers were facing troublesome times. For instance, if it was about insufficient supply chain capabilities that led to stock shortages for selected goods; Or if it was about varying quality standards or just delayed deliveries to customers. Even though sales numbers jumped at record-high, grocery companies failed to keep-up with their brand promises of highest quality and availability, thus directly impacting customer experience and satisfaction in a negative way.

The 2020 pandemic (especially March-April 2020) clearly have demonstrated, that grocery companies are **not resilient enough** to large-scale changes in market dynamics.

"New Normal" and Changing Customer Behavior

The changes in grocery shopping, adopted by companies and consumers, have been established and accepted for several months, thus forcing also behavioral changes of consumers, based on their new sensitivity for health and safety.

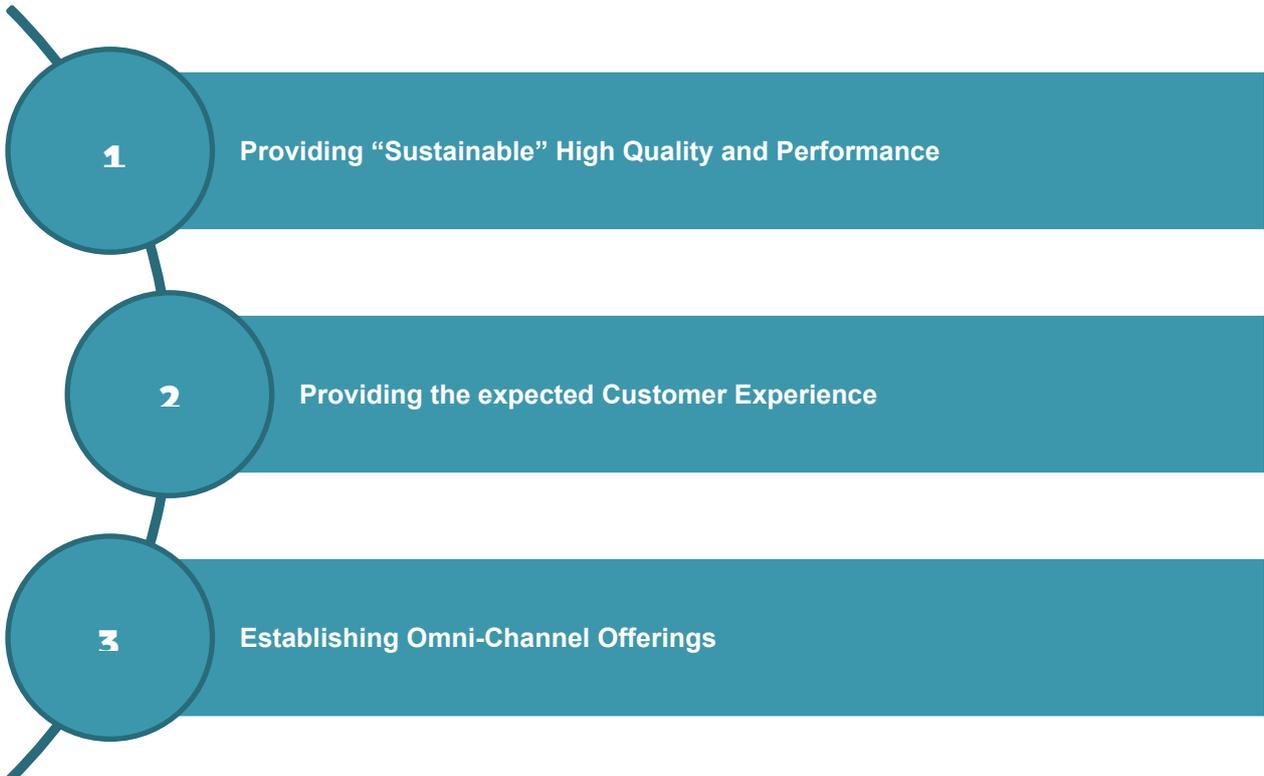
One of those behavioral changes was the acceptance of the digital channel from a surprisingly wide-range age of customers. Unexpectedly; 45+ aged customers, have adapted so fast, as digital grocery companies reported. A leading online grocery shopping service provider CEO in Turkey stated they have expanded their customer base's maximal age to 70 from 45.

Besides, social distancing regulations and hygiene precautions enforced customers to choose their preferred shops regarding their sensitivity towards their customer's health & safety.

Therefore, a new normal is most likely to become reality, also for the grocery sector. Customers have changed habits, affecting their consuming behavior, thus requiring companies to adopt to the so called "new normal".

As a consequence of those changes, the sector is facing new challenges that need to be overcome, in order to keep up with market dynamics and remain relevant for consumers. Key challenges have the origin in the following areas: Quality and Performance, Customer Satisfaction, Omni-Channel Readiness

Key Challenges:



KEY CHALLENGE #1: PROVIDING "SUSTAINABLE" HIGH QUALITY AND PERFORMANCE

With a clear focus on omni-channel capabilities can only be achieved if grocery companies provides high grade of quality and performance. Focus areas here by are not only the customer facing functions, but also and especially the entire value and supply chain. This gains especially importance since purchasing behavior and therefore frequency of in store visits are subject to change. If in the past, customers had frequent in store visits, which is likely to change due to the increased hygiene sensitivity of customers. As customers are more about to split their purchases into online and offline stock requirements, resource availability and capacities and a synchronized quality and performance management in all channels is inevitable.

KEY CHALLENGE #2: PROVIDING THE EXPECTED CUSTOMER EXPERIENCE

During the lockdown, customers got disappointed and were left unsatisfied by poor customer experience. This was caused by the sudden utilization of functions in dedicated areas that did not play a key role before the pandemic. With the lack of time of preparation this led to wrong deliveries, misbehaving of personnel, long delivery time (especially on digital channel), insufficiently controlled SLA's for third parties (e.g. couriers). In order to achieve highest customer experience grocery companies need to understand better, to which degree the established customer experience is deviating from the brand promise.

KEY CHALLENGE #3: ESTABLISHING OMNI-CHANNEL OFFERINGS

If this pandemic has taught the entire retail sector worldwide a lesson, it is that digital offerings are widely accepted. Even more than accepted, offerings have achieved a state of being expected. This is forcing grocery companies not only to come up with online offerings but also to clearly focus on omni-channel capabilities. This includes a well-synchronized and balanced online-offline offering providing on all channels the expected customer experience. This is fueling the digital transformation of the sector and helps grocery companies become more resilient.

FOCUS AREAS

Our more than 34 years of experience in the retail consumer and grocery industry have proven us right, that customers are key and their demand is core for any business. This requires consumer centric businesses in general and grocery companies in particular to overcome existing challenges. As an excerpt the following, but not limited to, **3 focus areas** have to be considered in order to meet customers' need and demands.

FOCUS AREA #1: INTERNALISATION

"Digitalization", "Data Driven Organizations", "Innovation", "Disruption" were the words that have been discussed intensively in every business sector and lots of resources have been wasted while trying to manage the digital transformation. Most of the grocery companies failed to **internalize** those notions, because Digital and Innovation and Customer have been used as disjunct initiatives rather than being considered in the corporate strategy.

Companies need to consider innovations in a reasonable way, thus helping them to disrupt their businesses continuously with the higher, goal of sustainable CX.

- **Hire & Wire– Hire** experts, leveraging internal and injecting external innovations. **Wire** innovations by building up an in-house innovation center, to successfully implement and continuously reflect newest business trends and futuristic business ideas.
- **Learn & Research– Learn** from subject matter experts and trendsetters, on where and how to identify relevant innovations. **Research** for novelties, which will help the company to be one step ahead of the sector.
- **Develop–** Ensure that relevant innovations are being implemented and provided with KPIs for a continuous success evaluation. Ongoingly monitor and reflect innovation adoption and value contribution and apply required improvements and/or substitutes.

FOCUS AREA #2: CX

Customer Experience is influencing at all touch points in all channels. Therefore grocery companies have to provide highest CX in digital as well as in physical channels and stores. Especially for the online channel companies need to involve closely their customer facing

business partners, since they represent the grocery companies brand and thus its brand promise. By all means, becoming digital excellent only is not sufficient to retain or acquire new customers, since customers do not differentiate between channels while judging over brand satisfaction.

FOCUS AREA #3: DATA

Data is key critical in future in order to allow a high customer experience. This implies the availability, accuracy and capability to interpret available data in an effective and efficient way.

There are three cornerstones to establish Data Capabilities for companies':

- **Hire** data experts and heavily increase capabilities, to support a data driven business.
- **Develop** a business intelligence strategy that supports business functions in their strategic and day-to-day work.
- **Identify** relevant internal and external data sources that can help to generate customer insights and allow predictions.
- **Establish** CRM capabilities to support highest CX, customer retention and continuous customer insight generation, allowing for demand centricity.

Clearly, depending on a grocery company's digital and omni-channel maturity, the before-mentioned challenges' and solutions' relevancy, may differ.

What this solution approach means in concrete terms for your business orientation and which measures you should implement now; we would be happy to discuss it in a meeting with you - contact us!

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ADBA consulting and marketing services help companies and brands who want to grow, accelerate and transform by breaking old thinking patterns in strategy, marketing and innovation.

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